

BEFORE THE IDAHO BOARD OF TAX APPEALS

IN THE MATTER OF THE APPEAL OF WENDELL ) APPEAL NO. 07-A-2690  
P. CARNEFIX TRUST from the decision of the ) FINAL DECISION  
Board of Equalization of Valley County for tax year ) AND ORDER  
2007. )

**COTTAGE SITE APPEAL**

THIS MATTER came on for hearing February 26, 2008, in Cascade, Idaho before Presiding Officer Lyle R. Cobbs and Hearing Officer Steve Wallace. Board Members David E. Kinghorn and Linda S. Pike participated in this decision. Appellants Christine Carnefix and Barbara Carnefix MacLean appeared. Assessor Karen Campbell and Chief Deputy Assessor Deedee Gossi appeared for Respondent Valley County. This appeal is taken from a decision of the Valley County Board of Equalization denying the protest of the valuation for taxing purposes of property described as Parcel No. XR001910000400A.

**The issue on appeal is the market value of a cottage site leased from the State.**

**The decision of the Valley County Board of Equalization is affirmed.**

FINDINGS OF FACT

The assessed land value is \$1,881,000. Appellants request the land value be reduced to \$1,100,000.

The subject property a .491 acre lot with 100 lake front feet on Payette Lake. The cottage site is leased from the State of Idaho. On the leased site are privately-owned improvements assessed separately and assigned a different parcel number. The value of the improvements were not appealed.

Appellants explained when subject was initially purchased in 1996, the annual lease amount was \$3,000 and the total valuation was \$450,000. Subject's value has increased year

after year and the current lease amount is \$47,000 per year.

Taxpayers presented current listings for state leased cottage sites. The listings were dated August 2007 with asking prices of \$1,150,000, \$1,600,000, and \$1,700,000.

Appellants also presented information on current fee simple listing properties, the asking prices ranged between \$1,995,000 and \$3,200,000. These properties include land and improvements.

The Taxpayers stated subject's view is obscured by the state owned trees, and the cabin is located a distance from the lake.

The Appellant maintained current sales do not exist for cottages on state leased land and stated there is no market whatsoever for property on leased land because of the high cost of the lease.

Respondent argued Idaho Code required leased land be valued as if held in private fee simple title. Respondent noted the reason for valuing State leased land is to provide the Payette Lake Sewer and Water District a basis from which to collect fees from tenants using their services.

The County presented ten improved property sales to support subject's assessed land value. These properties had between 56 and 217 feet of lake front and sold between \$1,175,000 and \$2,975,000. The sale price per front foot ranged from \$12,173 to \$27,501. Subject was assessed for \$18,810 per front foot.

The County agreed leased land property does not sell for the same price as fee simple property. There is likely a minimum 35% difference between leased land and fee simple property values. The County maintained, however, that Idaho Code requires state-leased land be assessed the same as property held in fee simple ownership.

## CONCLUSIONS OF LAW

This Board's goal in its hearings is the acquisition of sufficient, accurate evidence to support a determination of fair market value. This Board, giving full opportunity for all arguments and having considered all testimony and documentary evidence submitted by the parties in support of their respective positions, hereby enters the following.

For the purpose of taxation Idaho requires property be assessed at market value as defined in Idaho Code § 63-201(10);

“Market value” means the amount of United States dollars or equivalent for which, in all probability, a property would exchange hands between a willing sell, under no compulsion to sell, and an informed, capable buyer, with a reasonable time allowed to consummate the sale, substantiated by a reasonable down or full cash payment.

Appellant challenged the method used by Respondent to value subject. Specifically, Appellant contended using property held in fee simple as a basis for valuing subject, a leasehold, was wrong because the land cannot be sold and therefore it is not similar to fee simple properties.

Respondent maintained Idaho Code requires leased parcels be valued the same as non-leaseholds.

Idaho Code § 39-3635 addresses cottage site leases and reads in pertinent part:

(3) Notwithstanding that title to a cottage site remains in the state of Idaho, each cottage site lessee shall pay to any district operating a sewer system to which the cottage site is connected as provided in subsection (2) of this section, each year in the same manner and at the same time as county taxes are paid and collected a sum of money in lieu of taxes equal to the sum which would have been paid had the cottage site been held in private ownership, hereinafter called special benefits payments . . . The cottage site lessee shall have such rights of protest, hearings and appeals with respect to the valuation of the cottage site for purposes of determining the special

benefits payments as if such cottage site were held in private ownership. (Emphasis added.)

Appellant provided current listings for State-leased lake front properties and fee simple properties. Listings are not considered good indicators of market value.

Sales, on the other hand, support and define market value. To this end, respondent examined ten (10) sales of lakefront property in subject's area. These properties sold between \$12,173 to \$27,501 per front foot. Subject was assessed at \$18,810 per front foot, which appears reasonable in this case.

From the information presented, the Board finds the County thoughtfully and reasonably valued subject. The law requires such leased property be valued as if it were held in private ownership (unencumbered fee simple interest). Nothing in the record indicates the method used by Respondent to value subject was erroneous. Accordingly, the Board will affirm the decision of the Valley County Board of Equalization.

#### FINAL ORDER

In accordance with the foregoing Final Decision, IT IS ORDERED that the decision of the Valley County Board of Equalization concerning the subject parcel be, and the same hereby is, affirmed.

MAILED APRIL 3, 2008